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SUBJECT: VILNIUS COURT DECIDES TO EXTRADITE BANKER TO RUSSIA

Classified By: Economic Officer Scott Woodard for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: The Vilnius District Court decided on September 8 to extradite to Russia Igor Babenko, the manager of the Stavropol branch of Yukos-owned Menatep Bank. Lithuanian authorities had arrested Babenko on July 1 in response to Russia's extradition request. Russian prosecutors accuse Babenko of misusing at least USD 12 million of Menatep funds. Whether or not the Russian government is targeting Babenko because of his connections to Yukos, the Lithuanian Prosecutor's office maintains that the case against Babenko is strong. END SUMMARY.

BABENKO'S ARREST

¶2. (U) Lithuanian officials arrested Igor Babenko, manager of the Stavropol office of the Yukos-owned bank Menatep Sankt Peterburg, in Vilnius on July 1. The Russian government had requested Babenko's arrest and extradition to Russia, on June 30, accusing Babenko of "squandering" more than LTL 33 million (USD 12 million) from the Russian companies Menatep and Stavropolkrajgaz over a three-year period. The original arrest warrant authorized a 38-day detention, which the court of first instance in Vilnius on August 5 extended to September 8. The Vilnius district court rejected Babenko's appeal of the extension.

¶3. (U) The Prosecutor General's office conducted an investigation of the charges in the GOR's request for extradition. On August 30, Laima Cekeliene, Chief Prosecutor in the Department of International Relations and Legal Assistant of the Prosecutor General's Office, told us that the Babenko extradition is a strictly criminal case, with no relation to either Yukos or Khodorkovsky. She insisted that the case against Babenko is strong.

¶4. (C) The resident Estonian Ambassador, in contrast, opined to the Ambassador that the Babenko extradition is an instance of selective prosecution and a GOR attempt both to break Yukos and to reassert control over the Baltics. He suspects that Russia was applying pressure on the Prime Minister to ensure compliance with the extradition request and that politics, rather than law, inform the decision. Babenko's lawyer told the press that his client is guilty only of having links to Yukos and that the case has "clear political overtones."

¶5. (U) The Prosecutor General's Office transferred the Babenko extradition documents to the Vilnius District Court on September 6. The Court decided on September 8 to extradite Babenko, concluding that Russian officials had provided sufficient evidence to demonstrate that Babenko likely violated Russian law. Babenko's lawyer told the press that he will appeal the court's decision. The law requires him to file the appeal within seven days. The Court also extended Babenko's detention for another month, allowing him to remain in Vilnius for the time being.

¶6. (U) Editorials in local media decry the decision to extradite Babenko as caving to Russian pressure. Some speculate about a possible deal in the works whereby Russia would finally grant Lithuania's request to extradite suspects in the 1991 murder of seven Lithuanian border guards, which Russia has ignored for several years.

COMMENT

¶7. (C) While we cannot rule out the possibility that the Russian government is targeting Babenko because of his connections to Yukos, this does not speak one way or another to his innocence. The Medininkiai border guard case and other possible quid pro quos notwithstanding, this is not the first time Lithuania has acceded to Russian extradition requests. Post is aware of at least three cases in the past decade in which Lithuania has extradited individuals to Russia. (Russia has also returned the favor on occasion.) The Lithuanian judicial system appears to have taken the extradition request at face value, and set in motion the

Lithuanian-born Babenko's imminent return to Russia.
MULL